

Message Text

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TO AMEMBASSY OTTAWA IMMEDIATE

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E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: PRESS STATEMENT ON NEB GAS REPORT

FOLLOWING IS TEXT OF DEPARTMENT'S PRESS STATEMENT ON NEB
GAS REPORT. DO NOT RELEASE PRIOR TO 12:30 PM EDT JULY 17.

BEGIN TEXT

THE REPORT BY CANADA'S NATIONAL ENERGY BOARD (NEB) ON
CANADIAN NATURAL GAS SUPPLY, DEMAND AND DELIVERABILITY WAS
RELEASED IN OTTAWA JULY 16.

WE NOTE THAT CANADIAN MINISTER OF ENERGY, MINES AND
RESOURCES, MR. DONALD S. MACDONALD, COMMENTING IN OTTAWA
YESTERDAY ON THE REPORT'S CONCLUSION, SAID THAT NATURAL
GAS SUPPLIES IN CANADA WILL NOT BE ADEQUATE IN THE NEAR
TERM TO MEET BOTH THE PROJECTED INCREASE IN DOMESTIC
DEMAND AND EXISTING EXPORT COMMITMENTS. THE MINISTER
STATED THERE WOULD HAVE TO BE SOME CURTAILMENT OF EXPORT
CONTRACTS AND THAT THE GROWTH OF DEMAND IN CANADA WILL
HAVE TO BE RESTRAINED UNTIL FRONTIER SUPPLIES OF GAS
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ARE AVAILABLE. HE SAID EVERY EFFORT WOULD BE MADE TO

AVOID CURTAILMENT OF EXPORT DELIVERIES OVER THE COMING
HEATING SEASON OTHER THAN THAT WHICH CONTINUES TO OCCUR

IN THE PACIFIC NORTHWEST.

THE IMPLICATIONS OF THE NEB'S REPORT ARE SERIOUS BOTH
FOR CANADA AND FOR SEVERAL REGIONS IN THE UNITED
STATES WHICH ARE HEAVILY DEPENDENT ON CANADIAN NATURAL
GAS. WE THEREFORE WELCOME MINISTER MACDONALD'S ASSUR-
ANCE THAT CANADA WILL UNDERTAKE CONSULTATIONS WITH THE
UNITED STATES GOVERNMENT ON POSSIBLE SUPPLY CURTAILMENTS
AND THAT THE GOVERNMENT OF CANADA WILL BE AS RESPONSIVE
AS POSSIBLE TO UNITED STATES CONCERNS. WE HOPE THROUGH
SUCH CONSULTATIONS TO BE ABLE TO ANTICIPATE POSSIBLE
PROBLEMS AND TO MITIGATE INsofar AS POSSIBLE THE IMPACT
ON US CUSTOMERS FOR CANADIAN GAS. AT THE SAME TIME WE
WILL SEEK ASSURANCES THAT US CUSTOMERS ARE NOT REQUIRED
TO BEAR THE FULL BURDEN OF ANY DECREASE IN THE SUPPLY
OF CANADIAN NATURAL GAS.

AS THE MINISTER NOTED, U.S. GOVERNMENT OFFICIALS WERE
ADVISED IN ADVANCE OF THE FINDINGS OF THE NEB. WE ARE
STUDYING THE NEB REPORT IN DETAIL. ALTHOUGH WE ARE
NOT PREPARED AT THIS TIME TO COMMENT ON THE CONTENTS
AND CONCLUSIONS OF THE REPORT, THE EVIDENT PROBLEMS IN
CANADA'S NATURAL GAS SUPPLY SITUATION AGAIN DRAMATIZE
THE NEED FOR U.S. MEASURES TO CONSERVE, EFFICIENTLY
UTILIZE AND APPROPRIATELY PRICE THIS PREMIUM ENERGY
SOURCE. END TEXT. KISSINGER

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